

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 NEA-10 ISO-00 AID-05 CIAE-00
COME-00 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00
XMB-02 OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 L-03
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P 261217Z AUG 77
FM AMEMBASSY TUNIS
TO SECSTATE WASHDC PRIORITY 8034
INFO AMEMBASSY LONDON
AMEMBASSY PARIS

C O N F I D E N T I A L TUNIS 6103

DEPT PASS TREASURY AND EXIMBANK

PARIS FOR OECD

E.O. 11652: GDS
TAGS: EFIN, TS
SUBJ: TUNISIAN COMMERCIAL BORROWING

1. FOUR COMMERCIAL BANKS (CITIBANK, CHASE MANHATTAN, BANK OF AMERICA, AND BANUQE NATIONALE DE PARIS) HAVE BID ON \$100 MILLION LOAN OO GOT FOR GENERAL FINANCING OF PROJECTS UNDER FIFTH DEVELOPMENT PLAN (I.E., A BALANCE OF PAYMENTS LOAN). AWARD IS EXPECTED WITHIN ABOUT ONE WEEK. ACCORDING TO AMERICAN BANKING SOURCE, BIDS ARE HIGHLY COMPETITIVE AND TUNISI JTD YM LIKELY TO GET INTEREST RATE ONLY ABOUT ONE AND ONE-EIGHT ABOVE LONDON INTER-BANK RATE.

2. APART FROM RECENTLY APPROVED SDR \$24 MILLION PURCHASE FOR IMF UNDER COMPENSATORY FINANCING FACILITY, GOT IS PROCEEDING OBVIOUSLY

WITH SEVERAL OTHER LOANS--INCLUDING \$20 MILLION EQUIPMENT LOAN FOR NATIONAL OFFICE OF COMMERCE FROM CITIBANK.

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3. COMMENT: COMMERCIAL LENDERS HAVE LONG AWAITED FIRST MAJOR TUNISIAN BORROWING ON INTERNATIONAL MARKET. THIS \$100 MILLION SYNDICATION IS LOGICAL STEP BY GOT TO START MEETING ANTICIPATED EXTERNAL RESOURCE REQUIREMENTS TOTALLING 1,680 MILLION DINARS (\$3.9 BILLION) UNDER FIFTH PLAN FOR 1977-81. (FOR FIRST TIME GOT IS OBLIGED TO SEEK LARGE PORTION OF EXTERNAL FINANCING FOR DEVELOPMENT--42 PERCENT-- ON COMMERCIAL BASIS. PLAN CALCULATES

NEED FOR GROSS ANNUAL BORROWINGS AVERAGING 142 MILLION TUNISIAN DINARS--\$327 MILLION--IN MEDIUM-TERM COMMERCIAL CREDITS TO AUGMENT EXTERNAL RESOURCES AVAILABLE ON MORE ADVANTAGEOUS TERMS.)

WHILE ALLEGED ATYPICAL HASTE OF GOT IN MOBILIZING CREDITS COULD BE

ASSOCIATED WITH SHORT-TERM PROBLEM IN TUNISIAN RESERVE POSITION, STRONG LENDER INTEREST IN GREATER EXPOSURE HERE--AND FAVORABLE RATES--REFLECT CONTINUING FAVORABLE ASSESSMENT OF TUNISIAN ECONOMY, ITS PROSPECTS, AND ITS MANAGEMENT.

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